

## ONTARIO FINANCES

Ministry of Finance

1993-94 Third Quarter

Quarterly Update  
December 31, 1993

**BUDGETARY REQUIREMENTS** • The Budgetary Requirements, at \$9,542 million, are up \$383 million from Budget Plan and up \$6 million from second quarter.

9 months actual results and 3 months projected	Fiscal Summary (\$ Millions)	1993-94			Changes from Second Quarter
		Budget Plan	Current Outlook	In-Year Change	
	Revenue	43,985	43,332	(653)	227
	Operating Expenditure:				
	Programs	42,898	42,943	45	243
	Public Debt Interest	7,150	7,150	—	—
	Total Operating Expenditure	50,048	50,093	45	243
	<b>Operating Deficit</b>	<b>6,063</b>	<b>6,761</b>	<b>698</b>	<b>16</b>
	Capital Expenditure	3,096	2,781	(315)	(10)
	<b>Budgetary Requirements</b>	<b>9,159</b>	<b>9,542</b>	<b>383</b>	<b>6</b>

**REVENUE** • Estimated revenue for 1993-94 is \$43,332 million, a net decrease of \$653 million from the Budget Plan but \$227 million more than reported in the second quarter.

- The increase this quarter is due to the receipt of \$227 million from the federal government as final settlement of Ontario's 1990-91 Fiscal Stabilization Claim.

**OPERATING EXPENDITURE** • The expenditure forecast of \$50,093 million is up \$45 million from the Budget Plan. Increases in spending this quarter are primarily due to delays in implementing ECP initiatives, social assistance caseload increases and funding for long-term care. These increases will be offset from savings related to the expenditure freeze.

**CAPITAL ACCOUNT** • Capital funding requirements at \$2,781 million are down a net \$315 million from Budget Plan and \$10 million from second quarter outlook.

# Revenue

Table 1

1993-94			
	Budget Plan	Current Outlook	In-Year Change
	(\$Millions)		
<b>TAXATION REVENUE</b>			
Personal Income Tax <sup>1</sup>	14,315	13,900	(415)
Retail Sales Tax	8,040	8,000	(40)
Corporations Tax	3,120	2,900	(220)
Employer Health Tax	2,700	2,670	(30)
Mining Profits Tax	50	50	-
Gasoline Tax	1,900	1,900	-
Fuel Tax	460	460	-
Tobacco Tax	910	800	(110)
Land Transfer Tax	400	310	(90)
Race Tracks Tax	85	75	(10)
Commercial Concentration Tax	45	45	-
Other Taxation	70	70	-
	32,095	31,180	(915)
<b>OTHER REVENUE</b>			
LCBO Profits	620	620	-
Vehicle/Driver Registration Fees	765	750	(15)
LLBO Fees, Licences and Permits	500	500	-
Other Fees and Licences	655	655	-
Lottery Profits	555	535	(20)
Royalties	270	255	(15)
Utility Service Charges	175	175	-
Sales and Rentals	1,020	1,020	-
Fines and Penalties	175	175	-
Recoveries	75	80	5
Reimbursements	175	175	-
Miscellaneous	60	60	-
	5,045	5,000	(45)
<b>FEDERAL GOVERNMENT PAYMENTS</b>			
Established Programs Financing	3,862	3,882	20
Canada Assistance Plan	2,371	2,411	40
National Training Act	76	76	-
Bilingualism Development	72	72	-
Young Offenders	60	60	-
Vocational Rehabilitation	66	66	-
Fiscal Stabilization	-	227	227
Other	338	358	20
	6,845	7,152	307
<b>TOTAL</b>	<b>43,985</b>	<b>43,332</b>	<b>(653)</b>

<sup>1</sup> Net Of Ontario Tax Credits.

# Capital Plan

Table 3

1993-94				
	Budget Plan	Current Outlook	In-Year Change	jobsOntario Capital
	(\$Millions)			
<b>MINISTRIES</b>				
Agriculture and Food	16	15	(1)	1
Attorney General	4	3	(1)	-
Citizenship	11	10	(1)	2
Community and Social Services	85	78	(7)	30
Culture, Tourism and Recreation	65	51	(14)	27
Economic Development and Trade	132	107	(25)	75
Education and Training	18	16	(2)	-
Environment and Energy	269	226	(43)	125
Finance				
Economic Development Projects	10	4	(6)	-
Contingency Fund: <b>jobsOntario Capital</b>	27	-	(27)	-
Health	89	79	(10)	-
Housing	109	99	(10)	35
Management Board Secretariat	206	156	(50)	21
Municipal Affairs	14	13	(1)	2
Native Affairs Secretariat	20	18	(2)	-
Natural Resources	90	98	8	37
Northern Development and Mines	225	215	(10)	26
Solicitor General and Correctional Services	5	5	-	1
Transportation	1,776	1,653	(123)	139
In-Year Savings	(75)	(65)	10	-
<b>SUB-TOTAL</b>	3,096	2,781	(315)	521
<b>Non-Budgetary</b>				
<b>LOAN BASED</b>				
Colleges and Universities	101	102	1	46
School Boards	357	357	-	39
Hospitals	150	150	-	-
Culture, Tourism and Recreation	-	2	2	2
<b>CROWN CORPORATIONS</b>				
Clean Water Agency	62	62	-	-
Ontario Realty Corporation	33	33	-	-
Transportation Capital Corporation	101	101	-	-
<b>SUB-TOTAL</b>	804	807	3	87
<b>TOTAL</b>	3,900	3,588	(312)	608

Capital expenditure, at \$2,781 million, is down \$315 million from Budget Plan and \$10 million from second quarter results.

- Underspending is the result of project delays, lower contract prices and funds for cost shared projects not being taken up by transfer partners.
- Savings of \$10 million were realized by the Ministry of Environment and Energy in the 3Rs capital allocation.

# Performance

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## REVENUE

The current outlook for revenue is \$43,332 million, a net decrease of \$653 million from the Budget Plan but \$227 million higher than the outlook reported in the second quarter Ontario Finances. The changes reported this quarter are:

- The outlook for Tobacco Tax revenue has been reduced by \$40 million, reflecting weaker-than-expected receipts during the third quarter. This is attributed to the ongoing smuggling problem.
- Canada Assistance Plan payments from the federal government are expected to be \$40 million higher due to reimbursements for claims in respect of prior years.
- Ontario received \$227 million from the federal government as final settlement of the 1990-91 Fiscal Stabilization Claim.

**OPERATING EXPENDITURE** The current operating expenditure forecast at \$50,093 million is up from the Budget Plan by \$45 million and second quarter results by \$243 million.

The increase in the third quarter is mainly due to expenditure changes in the Ministries of Community and Social Services, Health, and Environment and Energy as follows:

- The Ministry of Community and Social Services received an additional \$125 million for social assistance, due to caseload growth and delays in implementation of a number of ECP initiatives.
- The Ministry of Health received an additional \$108 million, due to the delay in passage of Bill 81, and the decision not to pursue cost sharing for the ODB plan (\$80 million), and to the provision of an additional \$28 million to long-term care facilities.
- The Ministry of Environment and Energy received an additional \$10 million for Municipal Recycling Support for the Blue Box Program.
- The Contingency Fund transferred \$52 million to various ministries to provide funding for initiatives including payments under the Pay Equity Downpayment Program in the Ministries of Community and Social Services (\$29 million) and Health (\$8 million). The Ministry of Consumer and Commercial Relations received \$4 million to establish the Gaming Control Commission and the Ministry of the Attorney General received \$3 million for the Office of the Public Trustee and the Commission on Systemic Racism. The Ministry of Municipal Affairs received \$2 million for the Waterfront Regeneration Trust Program.
- Additional net savings, mainly due to delays in implementing programs such as jobsOntario Child Care, were identified and applied against the Savings and Constraints target (\$53 million).

# Operating Expenditure

Table 2

		1993-94		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
<b>MINISTRIES</b>	Agriculture and Food	542	542	-
	Attorney General	735	747	12
	Board of Internal Economy <sup>1</sup>	131	144	13
	Citizenship	77	77	-
	Community and Social Services	8,884	8,983	99
	Consumer and Commercial Relations	176	181	5
	Culture, Tourism and Recreation	394	398	4
	Economic Development and Trade	366	366	-
	Education and Training	9,683	9,651	(32)
	Environment and Energy	411	422	11
	Executive Offices <sup>2</sup>	13	13	-
	Finance	460	466	6
	Contingency Fund	443	240	(203)
	Economic Development Projects	13	13	-
	Public Debt Interest	7,150	7,150	-
	Francophone Affairs, Office of	3	3	-
	Health	17,571	17,686	115
	Housing	1,032	1,032	-
	Intergovernmental Affairs	8	8	-
	Labour	215	185	(30)
	Management Board Secretariat	553	553	-
	Municipal Affairs	980	983	3
	Native Affairs Secretariat	18	18	-
	Natural Resources	529	518	(11)
	Northern Development and Mines	88	87	(1)
	Solicitor General and Correctional Services	1,190	1,193	3
	Transportation	759	774	15
	Women's Issues, Office Responsible for Expenditure Savings and Constraints	24	24	-
	Social Contract Savings	(400)	(164)	236
	Expenditure Freeze Savings	(2,000)	(2,000)	-
<b>TOTAL</b>		<b>50,048</b>	<b>50,093</b>	<b>45</b>

<sup>1</sup> Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

<sup>2</sup> Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

# Financing

Table 4

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		1993-94		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
<b>REQUIREMENTS</b>	Operating Deficit	6,063	6,761	698
	Capital Deficit	<u>3,096</u>	<u>2,781</u>	(315)
	<b>Budgetary Requirements</b>	<b>9,159</b>	<b>9,542</b>	<b>383</b>
<b>FINANCING</b>	Debt Issues	11,093	12,800	1,707
	Retirements:			
	Canada Pension Plan	(607)	(607)	—
	Ontario Teachers' Pension Plan	(252)	(252)	—
	Public Service Pension Plan	(106)	(106)	—
	Public	—	(4)	(4)
	Other	<u>(140)</u>	<u>(140)</u>	—
		(1,105)	(1,109)	(4)
	Net Debt Issues	9,988	11,691	1,703
	Province of Ontario Savings Office and Other Liabilities	<u>36</u>	<u>36</u>	—
	<b>Net Financing</b>	<b>10,024</b>	<b>11,727</b>	<b>1,703</b>
<b>LOANS</b>	Net Loan Repayments (Issues)	(1,115)	(1,096)	19
<b>CASH</b>	Decrease (Increase) In Cash	<u>250</u>	<u>(1,089)</u>	<u>(1,339)</u>
<b>ACCUMULATED DEFICIT</b>	<b>Increase in Accumulated Deficit</b>	<b>9,159</b>	<b>9,542</b>	<b>383</b>

- Bonds issued from the beginning of this fiscal year to December 31, 1993 totalled \$8,695 million.
- The Province continues to implement its policy to pre-borrow ahead of its financing requirements in order to maintain maximum financing flexibility.



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